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Agenda Item: 9-3
Meeting Dates: June 9 & 10, 2004

California Bay-Delta Authority Meeting

April 7 and 8, 2004
650 Capitol Mall, Fifth Floor
Sacramento, California

SUMMARY OF MEETING ACTION ITEMS

Water Measurement – Authority approved Resolution 04-04-01, authorizing the Director to work with the State Administration and the Legislature on implementing the staff proposal for water use measurement.

Watershed, Drinking Water Quality, Watershed Coordinators, Science and Ecosystem Restoration Contracts and Grants – The Authority approved grants and contracts for these programs.

Ecosystem Restoration Directed Action – The Authority authorized Patrick Johnston to work with staff to address issues surrounding the watershed grants process and the development of environmental indicators.

Watershed Grant Process Improvements – The Authority directed staff to prepare recommendations for implementing agencies to consider to improve the watershed program grant process based on this year's experience.

Lead Scientist – The Authority appointed Dr. Johnnie Moore as Lead Scientist for the Authority.

Note: Copies of the packet materials mentioned in this summary can be found on the California Bay-Delta Authority website at: <http://calwater.ca.gov> If you have any questions, please contact Heidi Rooks at (916) 445-0533.

California Bay-Delta Authority Meeting April 7 and 8, 2004

MEETING SUMMARY

7-1. CALL TO ORDER AND INTRODUCTORY REMARKS

The meeting was called to order at 1:10 p.m., April 7, 2004, by Gary Hunt, Chair of the Bay-Delta Authority (Authority) and Bay-Delta Public Advisory Committee (BDPAC) Representative Member.

7-2. ROLL CALL AND ESTABLISHMENT OF QUORUM

Authority Chief Counsel, Chris Stevens, noted that even though the position of the Public Regional Authority Member representing the San Joaquin Valley Region is vacant, the requirements for a quorum remain the same. Roll call was taken and a quorum was established. The following Authority members were present for the meeting:

Public – Paula Daniels, representing the Southern California Region; Daniel Wheeler and Marc Holmes, Members at Large; Patrick Johnston, representing the Delta Region; Alfred Montna, representing the Sacramento Valley Region; and Susan Kennedy, representing the San Francisco Bay Region.

Bay-Delta Public Advisory Committee Representative – Gary Hunt

State – Mike Chrisman, Secretary for Resources; Lester Snow, Director of Water Resources; Ryan Broddrick, Director of Fish and Game; A.G. Kawamura, Secretary of Food and Agriculture; Beth Jines and Nancy Sutley, designees for Terry Tamminen, Secretary of the Environmental Protection Agency; and Dave Spath, designee for Sandra Shewry, Director of Health Services.

Federal – Jason Peltier, Deputy Assistant Secretary for Water and Science, U.S. Department of the Interior; Susan Ramos, designee for Kirk Rodgers, Regional Director, Mid-Pacific Region, U.S. Bureau of Reclamation; Michael Aceituno, designee for Rodney R. McInnis, Acting Regional Administrator, Southwest Region, National Marine Fisheries Service; Mark Charlton, designee for Michael J. Conrad, Jr., District Engineer for Sacramento District, U.S. Army Corps of Engineers; Karen Schwinn, designee for Wayne Nastri, Acting Pacific Southwest Regional Administrator, U.S. Environmental Protection Agency; and Dave Harlow and Wayne White, designees for Steve Thompson, Manager of California-Nevada Operations Office, U.S. Fish and Wildlife Service.

Ex-Officio – The Honorable Michael Machado, chair of the Senate Agriculture and Water Resources Committee; Dennis O'Connor for Senator Machado; John Moffat for The Honorable Charles Poochigian, vice-chair, Senate Agricultural and Water Resources Committee; and Kurt Schuppara for The Honorable Joseph Canciamilla, chair of the Assembly Water, Parks and Wildlife Committee.

The following Authority Member was absent:

Ex-Officio – The Honorable Tim Leslie, vice-chair of the Assembly Water, Parks and Wildlife Committee.

7-2. ADMINISTRATIVE ITEMS

The Meeting Summaries of the December 11, 2003 Joint Authority and BDPAC meeting and the February 11, 2004 Authority meeting were adopted.

7-3. DIRECTOR'S REPORT

Authority Director Patrick Wright briefly discussed the State and Federal budgets, pending legislation and an overview of the day's program.

7-4. INFORMATIONAL BRIEFING ON 2004 MULTI-YEAR PROGRAM PLAN DEVELOPMENT

Director Wright introduced the item with the overview of the 2004 priorities for the entire CALFED Program. Director Wright discussed the process for reviewing and revising the Program Targets given the changing fiscal climate. Tom Gohring, Interim Deputy Director of Water Management and Regional Coordination, presented the approach and timelines for this process.

Senator Machado reminded the Authority of the statutory requirement to adopt criteria for review, approval and modification of Multi-Year Program Plans and to submit a copy of those criteria to the Legislature.

Jason Peltier mentioned that in reviewing the plans, it is important to note Federal budgeting is an iterative process in which work is projected three years in advance.

Dave Harlow stated that the review of the Ecosystem Restoration Program (ERP) and milestones will be done in about four weeks and then go to the BDPAC ERP Subcommittee meeting.

7-5. DELTA IMPROVEMENTS UPDATE

Jerry Johns, Acting Deputy Director, Department of Water Resources (DWR), presented the integrated Delta Improvement Package. The key linkages are between water quality, permanent operable barriers in the South Delta, long-term Environmental Water Account (EWA) and increased pumping rates at the State Water Project (SWP) to

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8,500 cfs. DWR is taking the lead in working with the implementing agencies to develop a matrix that identifies the actions needed to achieve the linkages and schedules. The agencies will also prepare a draft Memorandum of Understanding (MOU) describing their roles and commitments.

The Authority members' discussion of the topic began with Susan Ramos, Assistant Regional Director, Mid-Pacific Region, U.S Bureau of Reclamation (USBR), giving an update of the Central Valley (CVP) and State Water Project Operations and Criteria and Plan (OCAP); and Dave Harlow, U.S. Fish and Wildlife Service, briefly describing the associated Endangered Species Act consultation process.

USBR and Senator Machado expressed support for the development of the draft MOU. Authority members expressed concerns for: (1) the potential undefined impacts of the upstream contractors; (2) whether there would be adequate coverage of issues, such as EWA; (3) what would be the involvement of the BDPAC subcommittees; and 4) whether a workshop would be appropriate to discuss the issues in greater detail.

Other concerns were that the time allotted for development of the MOU is insufficient, and the timing is problematic. Whereas the MOU is proposed to be completed in June, the decision on: (1) whether to proceed with the long-term EWA is scheduled to occur by September 30; (2) the Environmental Impact Report/Environmental Impact Statement, which will evaluate alternatives for the South Delta Improvements Program is scheduled for sometime in 2004-05.

Some members agreed that the permanence of the EWA is not certain and that biological significance and benefits of the program need to be better described.

Comments were then received from the following members of the public:

- 1) Gary Bobker, The Bay Institute, stated that there are a lot of unmet needs in the Program.
 - EWA is a good tool; however, he asked, if it would be possible to secure the funding for a long-term EWA, which he viewed as a publicly subsidized mitigation tool.
 - There is a need to restore the system as a whole and a need to restore the San Joaquin River. The system currently causes massive problems to fish, water quality, water supply, etc.
 - The extent of extraction of water from the system needs to be addressed. A mass balance approach to water inputs and outputs is needed.

Mr. Bobker then addressed the issue of a baseline in the Delta. There are two main methods of protection: the State Water Resources Control Board (SWRCB) Bay-Delta Water Quality Standards and the Central Valley Project Improvement Act, which he said was recently degraded by a court decision.

- 2) Barry Nelson, Natural Resources Defense Council, stated that USBR water contracts are enormously important. The San Joaquin River has been dry for more

than 50 years, and the effect has been to destabilize the Delta. The ecosystem there has been losing ground in the last four years.

The environmental community wants to engage with the agencies on the Delta Improvements Package MOU and wants to ensure that it is done in an open and credible process.

Paula Daniels wanted to ensure that the public workshops scheduled in April and May, 2004, for the integrated Delta Improvements Package addressed the concerns articulated by Barry Nelson and Gary Bobker.

Barry Nelson responded that the realistic timeline for this process is months and that commitments, such as the water contracts, should not be made until the MOU is developed.

Gary Bobker suggested that phasing the implementation of the actions, as well as phasing the documentation, is the best approach and that the current timeline is unrealistic.

Gary Hunt said that the State and Federal agencies have slowed down the process to some extent.

7-6. WATER MEASUREMENT. Resolution 04-04-01 - Authorizing the Director, or his Designee, to Work with the State Administration and the Legislature on Implementing the Staff Proposal for Water Use Measurement (Action Item)

Tom Gohring, Deputy Director of Water Management and Regional Coordination, introduced the topic by discussing the action items requested by the Authority at the February 11, 2004 meeting. The Authority had asked staff to work with stakeholders to further develop the business case, including a cost/benefit analysis, for both the urban and agricultural water measurement recommendations. Mr. Gohring then presented the staff proposal, which included the additional analyses.

Improved agricultural and urban water use measurement is needed to improve the quality of demand data so that agencies can better determine water conservation incentives and to improve the administration of water rights. The package of water measurement actions needs to be balanced between agricultural and urban uses and be fiscally realistic and informed by stakeholders. The proposed actions include: (1) a new reporting system, (2) new measuring and reporting of water sources and deliveries, (3) improved evaluation of crop evapotranspiration and groundwater use, and (4) better integration of science into research. He concluded that most of the package is broadly supported and that the proposed actions need to remain a package.

Comments were then received from the following member of the public:

- 1) Barry Nelson stated that he supported moving forward with the package; however, he was disappointed that farm-gate measurement was not included. Mr. Gohring

responded that there is a provision to revisit the question of usefulness of measuring at the farm gates in the future.

The Authority unanimously approved the resolution by a 13-0 vote.

7-8A. DRINKING WATER QUALITY AND WATERSHED PROGRAMS.

Resolution 04-04-02 - Recommending to the State Water Resources Control Board that it Proceed with the Award of Drinking Water Quality and Watershed Management Grants.

Discussion focused on one of the grants submitted to the SWRCB. The concern was over a modification to Grant #690 by the San Joaquin River Parkway and Conservation Trust (Trust). The application originally included a subtask to be completed through a partnership with The Bay Institute to develop an ecological index for the San Joaquin River (SJR), similar to a scorecard the Institute previously had done for the San Francisco Bay. During the review process, the proposal failed to receive the degree of local stakeholder support necessary to meet criteria established for grant approval. After consultation with Authority staff, as well as with The Bay Institute, the Trust modified its grant application by removing the subtask to develop the index. A concern also was expressed that the Institute was dropped from the grant based on its association with a controversy over the newly released film about the SJR.

Dennis O'Conner had several points to make on the subject of the Trust grant:

1) restoring the SJR is a statewide concern, 2) dropping The Bay Institute from the Trust application appeared to be a form of punishing The Bay Institute, 3) there may be budgetary consequences to this action, 4) staff should report back to the Legislature the steps to avoid this in the future, and 5) the proposal should be held out of the resolution recommending that the SWRCB proceed with the awarding of the grants.

Susan Kennedy advised against making recommendations on individual projects pulled out of a recommended package of projects, and that the process should be what the Authority scrutinizes, not individual grant recommendations.

Comments were then received from the following member of the public:

1) Gary Bobker from The Bay Institute said that he was gratified by Mr. O'Connor's comments but did not ask for them. He went on to describe his perspective on how the situation occurred, which was that staff contacted the Trust to remove The Bay Institute and the ecological index task from the grant application.

John Lowrie (Authority Watershed Program Manager) and Tim Ramirez (Authority Senior Policy Advisor) both disagreed with the allegations made by Dennis O'Connor and Gary Bobker.

Barbara Evoy said that it was important that the Authority make a recommendation soon so that SWRCB could make a final decision on the grant proposals and start to execute the contracts.

Gary Hunt recommended adoption of the resolution with two conditions:

- 1) Recommend to the SWRCB to proceed with all of the grants exclusive of the Trust's grant (# 690); and
- 2) Regarding this grant, delegate to the Authority Chair and Patrick Johnston the power to recommend to SWRCB approval or denial of the grant after their further review and deliberation.

The Authority unanimously approved the resolution as modified by an 11-0 vote. Marc Holmes and Gary Hunt abstained from voting.

Further discussion regarding the Trust's grant (#690) occurred the following day (please see page 11 of this summary).

7-8B. WATERSHED PROGRAM. Resolution 04-04-03 - Recommending to the Department of Conservation that it Proceed with Awarding Watershed Coordinator Grants.

Patrick Johnston raised the issue that bond funds were meant for capital improvements, not for paying salaries. However, staff clarified that the language of Proposition 50 specifically provides for these activities. Gary Hunt said that he did not like using bond funds for salaries and felt it is bad policy.

Jason Peltier asked several questions:

- Who will hire the watershed coordinators?
- What are the deliverables?
- Is this a real pilot project?
- Do the grants require performance measures?
- Are there any criteria that there will be sustainability from local funding?

Watershed groups and Resource Conservation Districts hire watershed coordinators who then train people within the watershed to coordinate with State and Federal agency activities and set priorities to implement projects that further CALFED Program goals.

Gary Hunt asked whether this is a good investment of State funds and whether it will it be possible to wean them off the State funding.

Department of Conservation staff responded that this program has had a good return and that by the end of Year 3, the local entities should have their own funding. The concern that local programs will move from grant funding to generating their own funding for local coordination was addressed by John Lowrie, Watershed Program Manager. He stated that the Authority will continue to work with stakeholders and implementing agencies to review and refine the process for future funding cycles, so the concern is addressed in the resolution.

The Authority passed the resolution with a 12-0 vote.

7-8C. DRINKING WATER QUALITY. Resolution 04-04-04 - Recommending to DWR that it Proceed with a Grant to Begin Implementation of the Contra Costa Canal Encasement Project.

Greg Gartrell, Contra Costa Water District's Assistant General Manager of CALFED Studies/Planning, was asked to comment on the issue of "avoided costs" and the two to three year payback and the context of this grant. The project is related to the Veale Byron Tract and is explicitly mentioned in the Record of Decision (ROD).

Gary Hunt believes in the principle of local fair share and wants to be sure there is a fair share basis; but because this project is cited in the ROD, then it should be awarded.

The Authority unanimously approved the resolution with a 13-0 vote.

7-8 D. SCIENCE PROGRAM. Resolution 04-04-05 - Authorizing the Director, or Designee, to Sign an Interagency Agreement with the University of California, San Diego, for the California Bay-Delta Authority Science Fellows Program.

The Authority briefly discussed the merits of the proposed agreement and then unanimously approved the resolution with a 13-0 vote.

7-8 E. ECOSYSTEM RESTORATION PROGRAM. Resolution 04-04-06 – Authorizing the Director, or Designee, to Sign an Interagency Agreement with the California Department of Fish and Game Regarding Ecosystem Restoration Program Funds for Suisun Marsh Planning, Delta Regional Ecosystem Restoration Implementation Planning, and Program Tracking Support.

The Authority unanimously approved the resolution with a 13-0 vote.

Jason Peltier requested a briefing of the Battle Creek issues. Patrick Wright said that there will be a preview of the issues in June and then a decision will be needed in August.

A recess was taken at 4:40 p.m. until the following day.

The meeting was reconvened at 9:15 a.m. on April 8, 2004.

8-3A. APPOINTMENT OF A LEAD SCIENTIST. Resolution 04-04-07 - Appointing Dr. Johnnie N. Moore as Lead Scientist for the CALFED Program.

Patrick Wright introduced the Independent Science Board (ISB) chair, Tom Dunne, who described an overview of the search and selection process for the new Lead Scientist for the CALFED Program. Bob Twiss, chairman of the Nominating Committee, discussed the process for selecting the new Lead Scientist. He noted that after an international search, four candidates were selected for all-day interviews. The

committee was unanimous in nominating candidate Dr. Johnnie Moore from the University of Montana. ISB member, Denise Reed, went on to describe the criteria the Nominating Committee was looking for and how Johnnie Moore was clearly an exceptional candidate in scientific stature, leadership, interpersonal skills, and commitment.

The Authority members thanked the ISB members for their efforts in securing a new Lead Scientist and the Authority approved the appointment of Dr. Johnnie Moore in a unanimous 11-0 vote.

8-3B. INDEPENDENT SCIENCE BOARD REPORT. Process for ISB Membership.

Tom Dunne described the 14-member ISB, what its charge is, and how it is recruiting members with various disciplines that are currently not represented. The ISB wants to maintain a high level of science in the Program. In addition, they want to address cross-program linkages, such as how ERP relates to levees, water supply, EWA, etc.

Al Montna wanted the ISB to consider adding economic and social scientific expertise to evaluate cost/benefit analyses. Mark Charlton agreed that science is not the only means to finding a solution in the Delta, but that economics are key.

Jason Peltier expressed an interest in more interchange between the ISB and the Authority; and wants to see science applied to management, rather than science for the sake of science. Tom Dunne responded that the ISB will be focused on: (1) independent science that applies to Program implementation; (2) adaptive management; and (3) how we will know when we are being successful, on a large scale.

Gary Hunt stated that science is fundamentally important, and the Authority will rely on the ISB for input. He supported Jason Peltier's concerns that there have been, and will be, big investments made in the Delta and the Authority will look to the ISB to answer the questions: (1) What are the quantifiable results? and (2) Were the actions successful?

8-3C. SCIENCE PROGRAM UPDATE -2004 Science Priorities, Science Proposal Solicitation Process (PSP), and EWA Science Review

Kim Taylor, Deputy Director of the Science Program, discussed Science Program activities such as the workshops on EWA, ERP, Battle Creek, Toxics, CALSIM II, and the Science Consortium Workshop on the Suisun Marsh. The Science Program is conscious of keeping the science and policy issues separate. For example, the questions of the EWA panel were structured so that they would focus on technical matters instead of policy issues.

Zach Hymanson gave an overview of the purpose of the EWA review, and the Summary Findings for Years 1, 2, and 3 from the EWA Review Panel. This fall, the panel will be reviewing Year 4 of the Program; the first four years collectively; and proposals for the long-term EWA.

Jason Peltier stated a concern for the funding of EWA reviews. Questions arose regarding how the Science Program was funded. Each agency's program builds into its workplan funding for the science component of its program and contributes funding to support the Science Program.

Marc Holmes suggested another pilot EWA program, rather than decide by the end of the year whether or not to fund the EWA for the long term.

Comments were then received from the following members of the public:

- 1) Steve Macaulay, Executive Director, California Urban Water Agencies, stated that the EWA is a useful tool to manage regulation of the SWP/CVP operations while protecting at-risk fish species.
- 2) Gary Bobker, The Bay Institute, stated that the EWA was intended to be a real-time tool; however, it was not designed as such. He said it is necessary to articulate the hypotheses being researched and to operate the program to generate as much data as possible. He felt it needs to be improved as an adaptive management tool.

7-8A DRINKING WATER QUALITY AND WATERSHED PROGRAMS.

Resolution 04-04-02 (*continued from previous day*)

Chair Hunt and Vice-Chair Johnston next raised the issue of the SWRCB awards of the Consolidated Grants held over from the previous day.

In accordance with the delegation granted them by the Authority the previous day, and after further review and deliberation, the decision by Authority Chair Hunt and Vice-Chair Johnston was to recommend:

- (1) SWRCB proceed with awarding the grant to the Trust (# 690); and
- (2) The Authority and implementing agency staff initiate a directed action through the ERP PSP to fund a San Joaquin River Scorecard Project or equivalent.

Dennis O'Connor suggested that the Watershed Request for Proposal and PSP process be examined so that such situations do not occur in the future.

8- 4. SURFACE STORAGE INVESTIGATIONS - Progress Report

Mark Cowin, Chief of DWR's Division of Planning and Local Assistance, made a presentation on the five proposed storage projects: Shasta Enlargement, North of the Delta Offstream Storage Project, In-Delta Storage, Los Vaqueros Enlargement and San Joaquin Storage.

Susan Kennedy and Gary Hunt stated that when applying economic models to determine the cost of implementing the storage projects under investigation, they should be applied in a consistent manner. If that is not possible, then explanations should be provided as to why it was not possible.

Lester Snow, DWR Director, said that he wanted to work with BDPAC and the Water Supply Subcommittee on the priorities for storage, as it is a critical time for these projects; and we need to know who is interested in supporting the projects. Water management flexibility will help decide priorities and provide broad value to the Program.

Paula Daniels inquired as to whether the analysis of the cost of water considered the source of water; and, therefore, the differing costs based on when it was available, etc. Mark Cowin responded that the cost of water was based on hydrological modeling, which was used to determine that it was above what was needed for regulatory compliance, and included in the costs were the costs of mitigation, pumping, and the project facilities.

Comments were then received from the following members of the public:

- 1) Anson Moran, Delta Wetlands Project, said that he was interested in developing financial partnerships for his project and commented on the benefits of the Delta Wetlands Project and the assumptions and regulatory conditions in the analysis.
- 2) Richard Denton, Contra Costa Water District, stated that the CALSIM II model has gone back to the Water Supply Subcommittee, is going through further peer review, and issues regarding earlier comments were being resolved.

8- 5. FINANCE OPTIONS REPORT UPDATE

Director Wright introduced the topic and two key participants in the process: Dave Dowall, Chair of the Independent Review Panel, and David Mitchell, Technical Team member.

Kate Hansel, Assistant Director for Finance and Policy, presented an update on the Finance Options Report, including who has been involved, the purpose, process and schedule. The primary purpose of the report is to provide a set of reasonable and

instructive finance options for funding the long-term CALFED Program. The process involves determining: (1) the cost and benefits of the Program, (2) who are the beneficiaries, (3) how should costs be allocated, and (4) the finance tools.

Kurt Schauparra from Assemblyman Canciamilla's office asked whether consideration had been given to what other fees people are paying. Al Montna encouraged the Finance Report participants to be more creative in determining who the beneficiaries are because the whole State benefits from the Program. The members further discussed equity issues. Gary Hunt concluded by saying that more revenue is needed and that the report will provide the finance options, with a final determination to come through the legislative process.

Patrick Wright said that the items to be covered at the next Authority meeting in June will include an update on Surface Storage Investigations, Delta Improvements Package, Program Plans, Battle Creek and the Finance Options Report.

8-6. PUBLIC COMMENT

No one wished to speak during the Public Comment period.

ADJOURNMENT

The meeting was adjourned at 2:00 p.m.